

10 August 1961

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Situation in Cyprus\*

1. At the end of its first year of independence, Cyprus still faces major problems. Relations between the Greek community (449,000 people) and the Turkish community (105,000 people) are governed by jealousy and suspicion. This mutual distrust has prevented the carrying out of constitutional provisions providing for proportional representation of the two communities in the civil service and establishment of separate municipal organizations for the two communities in the five largest towns. An association of former EOKA resistance fighters has become more active on behalf of the enosis goal and may have been responsible for recent sabotage of water supply lines to British bases. The Turkish community also has a terrorist organization. Both have been smuggling arms into Cyprus over the past

\* This memorandum has been discussed with OCI and DDP.

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year. Given the background, relations between the two communities are no worse than was expected. At least widescale violence has not broken out.

2. The economy is still re-adjusting to the decline in heavy British spending in the emergency years. A three year drought drastically reduced grain crops necessitating reliance on imported foodstuffs. The US has delivered 50 thousand tons of PL 480 wheat and barley to Cyprus in the past year. The land is largely peasant owned; agriculture is not very efficient. Tourism, once a major source of income, has not recovered from the emergency. The Cypriot government itself, while anxious to press on with economic development, is beginning to realize that it has neither the personnel to manage development programs nor the capital to finance them. It will, however, probably be able to obtain reasonable amounts of foreign aid for development, and economic troubles are not, of themselves, likely to prove critical.

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3. A more serious problem facing the Makarios government is the slowly growing strength of AKEL, the Greek Cypriot communist party. AKEL, by agreement with Makarios, obtained five of the thirty-five <sup>Greek</sup> seats in the House of Representatives in the elections of 1960. AKEL is estimated to control 30-40% of the Greek vote and AKEL members or sympathizers hold mayoralties in three of the five major towns on Cyprus. The greatest element of AKEL strength is its control of the 35,000 man Pan-Cypriot Federation of Labor (PEO). Well-organized, able to get benefits for the workers, it is only feebly opposed by the 15,000 man Cyprus Confederation of Workers (SEK). The latter is riven with factionalism and poorly led by men who know little or nothing about trade unions.

4. In the past two months Archbishop Makarios has taken some tentative steps to counteract AKEL's growing influence. He has encouraged the reorganization of his supporters, the Patriotic Front, in an attempt to make it a more effective political instrument. He was forced to acquiesce in having

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an AKEL man represent Cyprus at the International Labor Organization conference earlier this year. However, when urged by the American-owned Cyprus Mines Corporation, he used his influence to have SEK named the official union at the mines. Makarios has also used his influence to restrain Greek communal extremists. On the whole, however, he has avoided direct involvement in politics, and has so far failed to give badly-needed leadership to the non-AKEL groups. Although General Grivas has some residual following in Cyprus, he is currently devoting his attention to Greek mainland politics and is not a significant factor on the local scene. If AKEL is to be effectively fought, Makarios will have to take a more active and dynamic role than heretofore.

5. On the international scene, Cyprus is pursuing a policy of Western-inclined neutrality. Relations with Britain are fairly good, though the irritant of the British bases will continue indefinitely, to provide a ready-made issue for AKEL as well as right-wing extremists to exploit.

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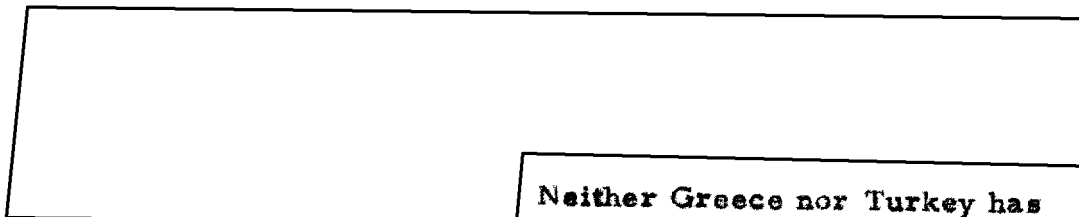
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Neither Greece nor Turkey has meddled very much in Cypriot internal affairs, although both have been slow to provide the military assistance they promised under the independence agreements. Both the Greek and Turkish governments are desirous of seeing the Cypriot government work, though both will remain alert to protect the interests of fellow Greeks and fellow Turks on the island.

6. Cyprus will continue to be plagued by communal tensions, labor problems and economic troubles, but chances are better than even that none of these will critically threaten the new state's existence. Over the longer term AKEL poses the most serious threat. Unless steps are taken to arrest the steady communist progress, AKEL will in time, perhaps by the 1965 elections, be able to dominate or hold the balance of power in the Cypriot parliament.

FOR THE BOARD OF NATIONAL ESTIMATES:

Acting Chairman

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